

Message Text

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SUBJECT: AUTUMN RENTREE 1976

1. SUMMARY

AT THE AUTUMN RENTREE AND ON THE EVE OF THE OCTOBER COMMUNAL ELECTION
S,

THE TINDEMANS GOVERNMENT FACES A NUMBER OF PROBLEMS, CHIEF OF
WHICH IS THE ISSUE OF THE "MANIPULATED" INDEX. PROGNOSIS:
A TURBULENT BUT SAFE PASSAGE THROUGH. END SUMMARY.

2. RETURNING FROM THE SUMMER RECESS, THE TINDEMANS GOVERNMENT WILL
HAVE TO DEAL WITH GRIEVANCES AFFECTING VARIOUS SECTORS OF THE
SOCIETY, BUT PRINCIPALLY ORGANIZED LABOR: AFTER FAILING TO
WIN TRADE UNION SUPPORT FOR ADJUSTMENT IN AN INFLATIONARY SYSTEM
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OF WAGE INDEXATION, THE BELGIAN GOVERNMENT LAST JULY DECIDED UNILATERAL

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ALLY TO LIFT FROM THE NEWLY-REVISED RETAIL PRICE INDEX SEVERAL
FRUIT AND VEGETABLE ITEMS WHICH WERE LEADING THE PRICE ADVANCE.
THE SUSPENSION OF THESE ITEMS WAS TO BE ONLY FOR THE QUARTER
JULY-SEPTEMBER.

3. THE SOCIALIST-ORIENTED FGTB DENOUNCED GOVERNMENT "MANIPULA-
TION" OF THE INDEX, NOTING THE ABSENCE OF ANY PARALLEL EFFORT
TO CONTROL PRICES. FGTB FEDERATIONS WERE URGED TO SEE TO IT
THAT COST-OF-LIVING WAGE ADJUSTMENTS WERE COMPUTED ON THE
"REAL" INDEX. THE GOVERNMENT-ORIENTED CSC, ON THE OTHER HAND,
REGRETTED THE FGTB'S REFUSAL TO NEGOTIATE A COMMON LABOR
POSITION ON THE QUESTION AND ACKNOWLEDGED GOVERNMENT'S URGENT
NEED TO ACT TO CHECK INFLATION. BUT IT ALSO CALLED FOR
COMPENSATION TO WORKERS FOR PURCHASING POWER LOST AS A RESULT
OF THE ADJUSTMENT IN THE INDEX.

4. GIVEN TINDEMANS' HEAVY DEPENDENCE ON THE CSC, GOVERNMENT'S
DECISION TO "ADJUST" THE INDEX WAS A MODERATELY RISKY
ACTION - LESS RISKY, PERHAPS, BECAUSE IT TOOK PLACE AT THE
HEIGHT OF THE HOLIDAY SEASON WHEN MILITANT LABOR WAS LEAST
ABLE TO ORGANIZE AN EFFECTIVE RESPONSE. SPORADIC STATEMENTS
AND MARCHES, MAINLY BY FGTB ELEMENTS, CAUSED LITTLE STIR
DURING MOST OF JULY AND AUGUST. BUT, WITH THE APPROACH OF
THE AUTUMN SEASON, THE PACE QUICKENED. CLAIMING A 2.84 PERCENT
LOSS IN WORKER PURCHASING POWER OVER JULY-AUGUST, FGTB
SPOKESMEN BEGAN TO BEAT THE DRUM MORE LOUDLY-AND WITH SOME
SUCCESS-PARTICULARLY IN WALLONIA. IN CHARLEROI AN
FGTB-CSC COMMON FRONT ORGANIZED A WEEK OF PROTEST WHICH
BEGAN SEPTEMBER 1 WITH A TURNOUT OF 6,000 PERSONS. UNION
SPOKESMEN VOICED THREE DEMANDS: RESTORATION OF THE INDEX,
ESTABLISHMENT OF AN EFFECTIVE PRICE POLICY, AND FULLY EMPLOY-
MENT. SPOKESMEN AGREED TO LOBBY THEIR RESPECTIVE FEDERATIONS
FOR A 24-HR. NATIONWIDE GENERAL STRIKE TO SUPPORT THESE DEMANDS.
A SIMILAR FGTB-CSC ACCORD APPEARS TO BE IN THE MAKING AT
LIEGE. THERE, CSC MEMBERS ARE TAKING THE LEAD, REPORTEDLY
PRESSING FOR 24-HOUR STRIKES IN SELECTED PLANTS. FGTB
OFFICIALS ARE SAID TO FAVOR A MORE CAUTIOUS APPROACH, PENDING
GUIDANCE FROM THE UNION'S NATIONAL CONGRESS THIS WEEK.
AT VERVIERS, THE CSC HAS DENOUNCED MANIPULATION
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OF THE INDEX AND CALLED FOR 48-HOUR WORKSTOPPAGES
IN JOINT ACTION WITH FGTB. AN, IN FLANDERS, AT BRUGES,
SOME 1500 WORKERS LEFT THEIR JOBS FOR 24 HOURS ON AUGUST 30
TO JOIN A COMMON FRONT PROTEST AGAINST THE GOVERNMENT
MEASURE. THESE PROLIFERATING PROTESTS PROMPTED EMPLOYER
SPOKESMAN, FEB PRESIDENT PULINCKX, TO INSSE AN URGENT
"RECALL TO REASON", WARNING THAT SUCH ACTIONS COULD ONLY
JEOPARDIZE JOBS AND PREJUDICE GOVERNMENT EFFORTS TO PRESERVE

"FOR AS LONG AS POSSIBLE" THE PURCHASING POWER AND SAVINGS
OF THE POPULATION AT LARGE.

5. IN ITS STRUGGLE TO CONTAIN INFLATION, DEFEND THE FRANC,
AND AVOID AN INCREASE IN TAXES, GOVERNMENT HAS PRODUCED
A "BALANCED" BUDGET, SOME OF THE CONSEQUENCES OF WHICH ALSO
TOUCH ORGANIZED LABOR. THE MINISTRY OF EDUCATION IN MID-
AUGUST ANNOUNCED A SERIES OF ECONOMY MEASURES, NOTABLY A
CUTBACK IN TEACHER AND PARAMEDICAL TRAINING WHICH WILL ENTAIL
THE SUPPRESSION OF A SUBSTANTIAL NUMBER OF TEACHING POSITIONS.
PREDICTABLY, IN THEIR FIRST MEETING WITH THE MINISTRY ON
AUGUST 31, THE POWERFUL TEACHERS FEDERATIONS OF BOTH THE
FGTB AND THE CSC VOICED STRONG OPPOSITION TO THE CUTS. ALSO
ANNOYING TO ORGANIZED LABOR IS THE UNREALISTICALLY LOW LEVEL OF
UNEMPLOYMENT (190,000) PROJECTED AS A BASIS FOR GOVERNMENT
SUBVENTIONS TO MEDICAL, DISABILITY AND UNEMPLOYMENT BENEFITS.
GOVERNMENT FREQUENTLY UNDERESTIMATES THIS ITEM, ONLY TO HAVE
TO RETURN TO THE WELL LATER IN THE YEAR. SUPPLEMENTARY BUDGET
REQUESTS FOR UNEMPLOYMENT COMPENSATION IN 1975 EXCEEDED THE
ORIGINAL REQUEST.

6. AFFECTING A DIFFERENT SECTOR IS A PROPOSED INCREASE IN
SOCIAL SECURITY CONTRIBUTIONS BY THE SELF-EMPLOYED. AS IN
THE CASE OF THE EDUCATION ECONOMIES, GOVERNMENT CAN EXPECT
SOME IN-HOUSE OPPOSITION ON THIS ITEM. THE SELF-EMPLOYED
WHO VEHEMENTLY OPPOSE ANY INCREASE, ARE ABLY REPRESENTED
BY MINISTER FOR THE MIDDLE CLASSES HANOTTE, WHO CAN BE
COUNTED UPON TO MAKE HIMSELF HEARD ON THIS SUBJECT. ALSO
ON THE REVENUE SIDE, AN ATTEMPT TO FORCE BELGIAN DOCTORS
TO ISSUE RECEIPTS FOR FEES COLLECTED IS MEETING VIOLENT
OPPOSITION. THIS MEASURE, AIMED AT HOLDING DOWN SOARING
MEDICAL COSTS AND CHECKING TAX FRAUD, HAS RUN AFOUL OF THE
POWERFUL BELGIAN MEDICAL ASSOCIATION. THE ASSOCIATION HAS
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SCHEDULED A SPECIAL ASSEMBLY FOR OCTOBER 9 (EVE OF THE COMMUNAL
ELECTIONS) TO DEMAND THAT GOVERNMENT REVERSE ITSELF AND
"RESPECT ITS ACCORDS WITH THE PROFESSION."

7. COMMENT: THE EVE OF THE COMMUNAL ELECTION CAMPAIGN
WAS AN UNLUCKY TIME FOR THE TINDEMANS GOVERNMENT TO FEEL
COMPELLED TO ADOPT PAINFUL ANTI-INFLATION MEASURES. SUBSTANTIAL
INTEREST GROUPS WITH LOTS OF VOTERS-ORGANIZED LABOR,
STUDENTS, TEACHERS, DOCTORS, PARENTS-FEEL ABUSED BY WHAT
ARE, IN FACT, VERY MODEST MOVES TO LIMIT BELGIUM'S
TROUBLINGLY HIGH INFLATION. THE MOST WORRISOME PROBLEM IS
THE INDEX ISSUE, WHICH THREATENS A MAJOR ROUND OF WORK
STOPPAGES IF THE GOVERNMENT DOES NOT REVERT TO STRICT ADHERENCE
TO THE INDEXED-WAGE PRINCIPLE. EITHER CONSEQUENCE WOULD BE
BAD NEWS FOR THOSE TRYING TO NURTURE BELGIUM'S WEAK

ECONOMIC RECOVERY. FIRESTONE

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